TITLE II—HOUSING PRESERVATION

SEC. 201. LIMITATIONS ON PREPAYMENT.

12 USC 1715z Section 203(a) of the Emergency Low Income Housing Preservation Act of 1987 is amended by striking "upon the expiration of the 2-year period beginning on the date of the enactment of this Act" and inserting in lieu thereof "on September 30, 1990".

SEC. 202. CLARIFICATION OF APPLICABILITY TO VOLUNTARY TERMINATION OF INSURANCE.

12 USC 1715z (a) GENERAL PREPAYMENT LIMITATION.—Section 221(a) of the Emergency Low Income Housing Preservation Act of 1987 is amended by adding at the end the following new sentence: "An insurance contract with respect to eligible low-income housing may be terminated pursuant to section 229 of the National Housing Act only in accordance with a plan of action approved by the Secretary under this subtitle.

(b) ALTERNATIVE PREPAYMENT LIMITATION.—Section 221(b) of the Emergency Low Income Housing Preservation Act of 1987 is amended—

(1) by striking the first comma and inserting "(1)"; and

(2) by inserting before the period at the end of the sentence the following: ", and (2) an insurance contract with respect to eligible low-income housing located in the geographic area subject to the jurisdiction of such court may not be terminated pursuant to section 229 of the National Housing Act during the 2-year period following the date of such invalidation".

12 USC 1715z (3) NOTICES OF INTENT.—Section 222 of the Emergency Low Income Housing Preservation Act of 1987 is amended by inserting after "agreement" the following: "(including a request to terminate the insurance contract pursuant to section 229 of the National Housing Act)".

(4) CONFORMING AMENDMENTS.—

12 USC 1715l. (5) Section 250(a) of the National Housing Act is amended by inserting after "project" the second place it appears the following: "or permit a termination of an insurance contract pursuant to section 229 of this Act"

(6) Section 229 of the National Housing Act is amended by inserting after "section 2" the following: ", and except as specified under section 250 of this Act and subtitle B of the Emergency Low Income Housing Preservation Act of 1987,".

SEC. 203. INCENTIVES TO EXTEND LOW-INCOME USE.

(a) LOANS.—

(1) ACQUISITIONS BY PUBLIC ENTITIES.—Section 236(b) of the National Housing Act is amended by inserting "public entity," before "or a cooperative housing corporation". 12 use 17i5z-i.

12 USC 1715z- (2) CAPITAL IMPROVEMENT LOANS.—(A) Section 201(mX2XB) of the Housing and Community Development Amendments of 1978 is amended by striking "Reduce" and inserting "Notwithstanding subsection (1X2XB), reduce".

(B) Section 201(mX2) of the Housing and Community Development Amendments of 1978 is amended—

(i) by striking "not subject to paragraph (1)";

(ii) by inserting after "residents" the second place it appears the following: ", or where appropriate to imple-